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MEMORANDUM

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Director
Utilities Division

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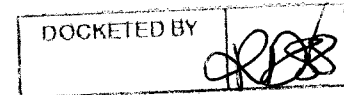
AZ CORP COMMISSION
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Arizona Corporation Commission

DOCKETED

DEC 13 2011

DATE: December 13, 2011



RE: UNS ELECTRIC, INC. – DOCKET NO. E-04204A-09-0206
REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE

In Decision No. 71914, dated September 30, 2010, the Arizona Corporation Commission (“A.C.C.” or “Commission”) approved the application of UNS Electric, Inc. (“UNS” or “Company”) for a rate case. The decision approved both the UNS rate base treatment of Black Mountain Generating Station (“BMGS”) costs and a related rate reclassification.

As part of Decision No. 71914, the Commission also ordered the following:

“...UNS Electric, Inc., shall, no later than 12 months after any rate reclassification, file a rate application using a twelve month test year with data reflecting BMGS in rate base for no less than six months in the test year.”

UNS acquired BMGS on July 1, 2011 and the rate reclassification was effective that same day. Based on the ordering paragraph shown above, the current Commission due date for the required UNS rate filing is July 1, 2012.

On November 10, 2011, UNS docketed a motion in which they requested an extension of time, until December 31, 2012, to file the Commission ordered rate case. As discussed in the application, the decision not only required six months of BMGS in rate base, but also provided that “Staff shall determine whether six months of such data is sufficient or whether additional months of actual data is necessary to process the rate application.” If filed using the July 1, 2012 date, the Company’s rate application would include only the very minimum number of months of BMGS in rate base that were ordered by the Commission. The Company is concerned that this “increases the potential that Staff may require a re-filing of the rate case” thereby possibly doubling the Company’s expenditure of resources.

The Company’s other rationale for the extension of time relates to Tucson Electric Power Company (“TEP”), an affiliated firm whose three year rate moratorium expires on June 30, 2012. UNS stated that “TEP will likely file its rate case upon expiration of the moratorium” and suggests that this will likely cause the two rate cases to be filed “almost simultaneously”.

In summary, UNS proposes that granting the six month extension of time would serve the dual purposes of allowing the Company to provide a rate case with 12 full months of BMGS-related

data and, further, avoiding identical rate case tracks for the UNS and TEP rate cases. Staff concurs that this is a reasonable request.

Based on the application and all of the above, Staff does not object to UNS's request for an extension of time provide for provision of the required rate case application. Staff therefore recommends that the Commission due date for filing the required rate application be extended until December 31, 2012.

EGJ:BKB:kdh

Originator: Brian K. Bozzo

Attachment

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DOCKET NO.: E-04204A-09-0206

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